

REFERENCE TITLE: schools; voter approved performance compensation

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HB 2801

Introduced by
Representatives Anderson, Chabin, Crandall: Brown, Clark, DeSimone,
Driggs, Gallardo, Garcia M, McClure, McComish, Meza, Nelson, Sinema,
Thrasher, Tobin, Senators Gray L, Verschoor

AN ACT

AMENDING SECTION 15-918.04, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1.1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-920.02, 15-920.03, 15-920.04 AND 15-920.05; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04 AND 15-918.05, ARIZONA REVISED STATUTES; RELATING TO VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-918.04, Arizona Revised Statutes, is amended to
3 read:

4 15-918.04. Career ladder programs

5 A. To budget for a career ladder program as approved by the state
6 board, a school district that is implementing the program in all schools in
7 the district may calculate its budget using an increase in the base level as
8 follows:

9 1. For the fiscal year or years a district is implementing the program
10 at the development phase, 0.5 per cent, except that a district shall:

11 (a) Be allowed to budget at least the amount in column 2 of this
12 subdivision that corresponds to the student count classification in column 1
13 of this subdivision:

<u>Column 1</u>	<u>Column 2</u>
<u>Student count</u>	<u>Minimum amount</u>
1-199	\$ 5,000
200-599	\$10,000
600-999	\$15,000
1,000-1,399	\$20,000
1,400 or more	\$25,000

21 (b) Not budget more than one hundred fifty thousand dollars.

22 2. For the fiscal year or years a district is implementing the program
23 at the evaluation phase, 1.0 per cent, except that a district shall:

24 (a) Be allowed to budget the amount in column 2 of this subdivision
25 that corresponds to the student count classification in column 1 of this
26 subdivision:

<u>Column 1</u>	<u>Column 2</u>
<u>Student count</u>	<u>Minimum amount</u>
1-199	\$10,000
200-599	\$20,000
600-999	\$30,000
1,000-1,399	\$40,000
1,400 or more	\$50,000

34 (b) Not budget more than three hundred thousand dollars.

35 3. For the fiscal year or years a district is implementing the program
36 at the placement phase, not greater than 2.5 per cent. After the successful
37 completion of at least one year in the placement phase, the board may approve
38 a funding level of not greater than 4.0 per cent.

39 4. For the fiscal years a district is implementing the program at the
40 effective career ladder phase, not greater than 5.5 per cent.

41 5. In addition to the amount authorized in paragraphs 3 and 4, a
42 school district for which the formula produces an amount of less than three
43 hundred thousand dollars may increase its base support level by an amount
44 computed as follows:

1 (a) Determine ten per cent of the funding increase.

2 (b) Subtract the amount determined in subdivision (a) of this
3 paragraph from the amount in column 2 of this subdivision that corresponds to
4 the student count classification in column 1 of this subdivision:

5 <u>Column 1</u>	6 <u>Column 2</u>
7 <u>Student count</u>	8 <u>Small district adjustment</u>
9 1-599	\$10,000
600-1,399	\$20,000
1,400 or more	\$30,000

10 B. If a career ladder program has been approved for fewer than all of
11 the schools in a school district, the percentage increase in the base level
12 prescribed in subsection A of this section shall be reduced proportionately,
13 based on the ratio of the student count in the career ladder schools to the
14 student count of the school district as a whole. The minimum and maximum
15 dollar amounts apply to the school or schools in one school district as if
16 they were a school district.

17 C. Notwithstanding any other law, a school district that has
18 implemented a career ladder program may budget any budget balance in the
19 maintenance and operation section of the budget that is directly attributable
20 to a budgeted increase in the base level as prescribed in this section from
21 the current fiscal year for use in career ladder programs in the budget year.
22 The amount budgeted pursuant to this subsection shall not be included in the
23 allowable budget balance ~~carry forward~~ CARRYFORWARD calculated pursuant to
24 section 15-943.01. The amount budgeted pursuant to this subsection is
25 specifically exempt from the revenue control limit. For THE purposes of this
26 subsection, "budget balance" means the difference between actual career
27 ladder expenditures and the budgeted increase in the base level as prescribed
28 in this section.

29 D. BEGINNING JANUARY 1, 2009, SCHOOL DISTRICTS THAT HAVE RECEIVED
30 APPROVAL TO BUDGET FOR A CAREER LADDER PROGRAM SHALL DEVELOP AND SUBMIT TO
31 THE STATE BOARD OF EDUCATION AN ASSESSMENT PLAN THAT IN THE SAME FORMAT
32 PRESCRIBED IN SECTION 15-920.02 AND THAT INCLUDES DETAILED PLANS TO
33 TRANSITION THE SCHOOL DISTRICT FROM A CAREER LADDER PROGRAM TO A VOTER
34 APPROVED PERFORMANCE BASED COMPENSATION PROGRAM BASED ON THE ELEMENTS
35 PRESCRIBED IN SECTION 15-920.02.

36 E. A SCHOOL DISTRICT THAT DID NOT BUDGET FOR A CAREER LADDER PROGRAM
37 IN FISCAL YEAR 2007-2008 SHALL NOT PARTICIPATE IN OR IMPLEMENT A CAREER
38 LADDER PROGRAM AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION.

39 Sec. 2. Title 15, chapter 9, article 1.1, Arizona Revised Statutes, is
40 amended by adding sections 15-920.02, 15-920.03, 15-920.04 and 15-920.05, to
41 read:

42 15-920.02. Voter approved performance based compensation
43 programs; definitions

44 A. A GOVERNING BOARD MAY APPLY TO THE STATE BOARD OF EDUCATION FOR
45 APPROVAL TO BUDGET FOR A VOTER APPROVED PERFORMANCE BASED COMPENSATION

1 PROGRAM UNDER THIS ARTICLE. THE APPLICATION MAY BE FOR ONE OR MORE SCHOOLS
2 IN THE DISTRICT OR FOR THE ENTIRE DISTRICT. APPLICATIONS FOR INITIAL PROGRAM
3 APPROVAL OR REAPPROVAL SHALL BE SUBMITTED ANNUALLY ON OR BEFORE NOVEMBER 15
4 TO THE ARIZONA PERFORMANCE BASED COMPENSATION SYSTEM TASK FORCE ESTABLISHED
5 BY SECTION 15-920.01, WHICH SHALL REVIEW THE APPLICATIONS AND FORWARD
6 RECOMMENDATIONS TO THE STATE BOARD. THE STATE BOARD SHALL PROVIDE NOTICE TO
7 THE APPLICANTS OF APPROVAL OR DISAPPROVAL ON OR BEFORE FEBRUARY 15.

8 B. BASED ON THE REQUIREMENTS IN THIS ARTICLE AND THE RECOMMENDATIONS
9 OF THE ARIZONA PERFORMANCE BASED COMPENSATION SYSTEM TASK FORCE, THE STATE
10 BOARD SHALL PRESCRIBE SPECIFIC PROCEDURES FOR APPLICATION AND REQUIREMENTS AS
11 NEEDED FOR APPROVAL TO BUDGET FOR A VOTER APPROVED PERFORMANCE BASED
12 COMPENSATION PROGRAM.

13 C. IF A GOVERNING BOARD RECEIVES APPROVAL TO BUDGET FOR A VOTER
14 APPROVED PERFORMANCE BASED COMPENSATION PROGRAM, IT MAY CALCULATE ITS BUDGET
15 USING AN INCREASE IN THE BASE LEVEL AUTHORIZED BY THE STATE BOARD. DEPENDENT
16 ON THE DISTRICT'S IMPLEMENTATION STAGE PURSUANT TO SECTION 15-920.03 AND
17 OTHER CRITERIA AS PRESCRIBED IN SECTION 15-920.04, THE STATE BOARD MAY
18 AUTHORIZE AN INCREASE OF UP TO FIVE AND ONE HALF PER CENT OF THE BASE LEVEL.
19 THE LOCAL SHARE PORTION OF THE VOTER APPROVED PERFORMANCE BASED COMPENSATION
20 PROGRAM SHALL BE FUNDED BY A SECONDARY PROPERTY TAX THAT IS APPROVED BY A
21 MAJORITY VOTE OF THE QUALIFIED ELECTORS IN THE SCHOOL DISTRICT. THE VOTER
22 APPROVED SECONDARY PROPERTY TAX SHALL REMAIN IN EFFECT UNLESS IT IS
23 SUBSEQUENTLY MODIFIED OR ELIMINATED BY A MAJORITY VOTE OF THE QUALIFIED
24 ELECTORS IN THE SCHOOL DISTRICT.

25 D. THE TOTAL AMOUNT OF STATE MONIES THAT MAY BE EXPENDED IN ANY FISCAL
26 YEAR BY THE STATE BOARD OF EDUCATION FOR VOTER APPROVED PERFORMANCE BASED
27 COMPENSATION PROGRAMS SHALL NOT EXCEED THE AMOUNT APPROPRIATED OR AUTHORIZED
28 BY SECTION 35-173 FOR THAT PURPOSE. THIS SECTION SHALL NOT BE CONSTRUED TO
29 IMPOSE A DUTY ON AN OFFICER, AGENT OR EMPLOYEE OF THIS STATE TO DISCHARGE A
30 RESPONSIBILITY OR TO CREATE ANY RIGHT IN A PERSON OR GROUP IF THE DISCHARGE
31 OR RIGHT WOULD REQUIRE AN EXPENDITURE OF STATE MONIES IN EXCESS OF THE
32 EXPENDITURE AUTHORIZED BY LEGISLATIVE APPROPRIATION FOR THAT SPECIFIC
33 PURPOSE.

34 E. A GOVERNING BOARD SHALL APPROVE A VOTER APPROVED PERFORMANCE BASED
35 COMPENSATION PROGRAM THAT INCLUDES THE FOLLOWING ELEMENTS:

- 36 1. SCHOOL DISTRICT PERFORMANCE AND SCHOOL PERFORMANCE.
- 37 2. MEASURES OF ACADEMIC PROGRESS TOWARD THE ACADEMIC STANDARDS ADOPTED
38 BY THE STATE BOARD OF EDUCATION.
- 39 3. OTHER MEASURES OF ACADEMIC PROGRESS.
- 40 4. DROPOUT OR GRADUATION RATES.
- 41 5. ATTENDANCE RATES.
- 42 6. RATINGS OF SCHOOL QUALITY BY PARENTS.
- 43 7. RATINGS OF SCHOOL QUALITY BY STUDENTS.
- 44 8. THE INPUT OF TEACHERS AND ADMINISTRATORS.

9. APPROVAL OF THE PERFORMANCE BASED COMPENSATION SYSTEM BASED ON AN AFFIRMATIVE VOTE OF AT LEAST SEVENTY PER CENT OF THE TEACHERS ELIGIBLE TO PARTICIPATE IN THE PROGRAM.

10. AN APPEALS PROCESS FOR TEACHERS WHO HAVE BEEN DENIED VOTER APPROVED PERFORMANCE BASED COMPENSATION.

11. REGULAR EVALUATION FOR EFFECTIVENESS.

F. A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM SHALL INCLUDE TEACHER PROFESSIONAL DEVELOPMENT PROGRAMS THAT ARE ALIGNED WITH THE ELEMENTS PRESCRIBED IN SUBSECTION E OF THIS SECTION.

G. A GOVERNING BOARD MAY MODIFY THE ELEMENTS CONTAINED IN SUBSECTION E OF THIS SECTION AND CONSIDER ADDITIONAL ELEMENTS WHEN APPROVING A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM. THE GOVERNING BOARD SHALL ADOPT ANY MODIFICATIONS OR ADDITIONAL ELEMENTS AND SPECIFY THE CRITERIA USED AT A PUBLIC HEARING.

H. EACH SCHOOL DISTRICT SHALL DEVELOP AN ASSESSMENT PLAN FOR ITS VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM AND SUBMIT THE PLAN TO THE DEPARTMENT OF EDUCATION ON OR BEFORE OCTOBER 15 OF EACH YEAR. THE GOVERNING BOARD SHALL INCLUDE A COPY OF THE VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM IN THE ASSESSMENT PLAN. THE DEPARTMENT OF EDUCATION SHALL COMPILE AND ANALYZE THE ASSESSMENT PLANS SUBMITTED BY SCHOOL DISTRICTS PURSUANT TO THIS SUBSECTION AND SHALL ISSUE AN ANNUAL REPORT ON OR BEFORE DECEMBER 1 THAT SUMMARIZES ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE CHAIRPERSON OF THE HOUSE OF REPRESENTATIVES K-12 EDUCATION COMMITTEE, OR ITS SUCCESSOR COMMITTEE, AND THE CHAIRPERSON OF THE SENATE K-12 EDUCATION COMMITTEE, OR ITS SUCCESSOR COMMITTEE. THE DEPARTMENT SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

I. FOR THE PURPOSES OF THIS SECTION:

1. "GOVERNING BOARD" MEANS ANY OF THE FOLLOWING:

(a) A SCHOOL DISTRICT GOVERNING BOARD.

(b) THE GOVERNING BODY OF A SCHOOL IF IT HAS BEEN DELEGATED AUTHORITY OVER A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM BY A SCHOOL DISTRICT GOVERNING BOARD.

2. "VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM" MEANS A PROGRAM THAT IS APPROVED BY THE GOVERNING BOARD, THE LOCAL SHARE PORTION OF WHICH IS FUNDED BY A SECONDARY PROPERTY TAX THAT IS APPROVED BY A MAJORITY VOTE OF THE QUALIFIED ELECTORS IN THE SCHOOL DISTRICT, AND THAT INCLUDES THE ELEMENTS PRESCRIBED IN SUBSECTION E OF THIS SECTION.

15-920.03. Voter approved performance based compensation programs; implementation phases; waivers

THE STATE BOARD OF EDUCATION SHALL USE THE FOLLOWING IMPLEMENTATION PHASES AND REQUIREMENTS WHEN APPROVING DISTRICTS TO BUDGET FOR A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM AS DEFINED IN SECTION 15-920.02:

1 1. THE APPLICATION PHASE IS THE FIRST PHASE OF THE VOTER APPROVED
2 PERFORMANCE BASED COMPENSATION PROGRAM IMPLEMENTATION PROCESS. DURING THIS
3 PHASE, DISTRICTS SHALL ASSESS THEIR READINESS TO IMPLEMENT A VOTER APPROVED
4 PERFORMANCE BASED COMPENSATION PROGRAM AND SHALL DEVELOP THE GENERAL OUTLINE
5 OF THEIR PROGRAM BASED ON MODEL COMPONENTS ADOPTED BY THE ARIZONA PERFORMANCE
6 BASED COMPENSATION SYSTEM TASK FORCE, BUT DISTRICTS MAY NOT INCREASE THEIR
7 BUDGETS. TO RECEIVE APPROVAL FOR ADVANCEMENT TO THE SECOND PHASE, DISTRICTS
8 MUST SUBMIT, AT A MINIMUM, EVIDENCE THAT THE PLAN WAS DEVELOPED IN
9 CONSULTATION WITH TEACHERS, ADMINISTRATORS AND SCHOOL BOARD MEMBERS, EVIDENCE
10 OF THE DISTRICT'S READINESS TO IMPLEMENT THE PLAN AND A TIMELINE INDICATING
11 WHEN VARIOUS COMPONENTS, SUCH AS THE REFINEMENT OF THE DISTRICT'S TEACHER
12 EVALUATION INSTRUMENT AND PROCEDURES, AN APPROPRIATE STAFF DEVELOPMENT
13 PROGRAM AND THE DEVELOPMENT OF PUPIL ASSESSMENTS, WILL OCCUR.

14 2. THE DEVELOPMENT PHASE IS THE SECOND IMPLEMENTATION PHASE UNDERTAKEN
15 BY DISTRICTS FOLLOWING THEIR COMPLETION OF THE APPLICATION PHASE. DURING
16 THIS PHASE, DISTRICTS SHALL DEVELOP THE SPECIFICS OF THEIR VOTER APPROVED
17 PERFORMANCE BASED COMPENSATION PROGRAMS AND MAY BUDGET FOR A VOTER APPROVED
18 PERFORMANCE BASED COMPENSATION PROGRAM AS PROVIDED IN SECTION 15-920.04. TO
19 RECEIVE APPROVAL FOR ADVANCEMENT TO THE THIRD PHASE, DISTRICTS MUST SUBMIT,
20 AT A MINIMUM, EVIDENCE THAT TEACHER AND PUPIL ACADEMIC PROGRESS EVALUATION
21 INSTRUMENTS AND PROCEDURES HAVE BEEN REFINED AND PILOT TESTED, THAT
22 APPROPRIATE LEVELS OF STAFF DEVELOPMENT HAVE BEEN PROVIDED AND THAT ANY
23 SPECIFIC AREAS OF WEAKNESSES ASSOCIATED WITH THE DISTRICT'S READINESS TO
24 IMPLEMENT A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM HAVE BEEN
25 ADEQUATELY RECTIFIED.

26 3. THE EVALUATION PHASE IS THE THIRD IMPLEMENTATION PHASE UNDERTAKEN
27 BY DISTRICTS FOLLOWING THEIR COMPLETION OF THE DEVELOPMENT PHASE. DURING THIS
28 PHASE, DISTRICTS SHALL EVALUATE TEACHERS, SHALL PROVIDE TEACHER VOTER
29 APPROVED PERFORMANCE BASED COMPENSATION PROGRAM PLACEMENT CONTRACTS FOR THE
30 FOLLOWING YEAR AND MAY BUDGET FOR A VOTER APPROVED PERFORMANCE BASED
31 COMPENSATION PROGRAM AS PROVIDED IN SECTION 15-920.04. TO RECEIVE APPROVAL
32 FOR ADVANCEMENT TO THE FOURTH PHASE, DISTRICTS MUST SUBMIT, AT A MINIMUM,
33 EVIDENCE THAT TEACHERS HAVE BEEN FAIRLY EVALUATED AND PLACED AND THAT THE
34 DISTRICT IS EVALUATING ITS PROGRAM.

35 4. THE PLACEMENT PHASE IS THE FOURTH IMPLEMENTATION PHASE UNDERTAKEN
36 BY DISTRICTS FOLLOWING THEIR COMPLETION OF THE EVALUATION PHASE. DURING THIS
37 PHASE, DISTRICTS SHALL CONTINUE TO EVALUATE TEACHERS AND MAY BUDGET FOR A
38 VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM AS PROVIDED IN SECTION
39 15-920.04. TO RECEIVE APPROVAL FOR ADVANCEMENT TO THE FIFTH PHASE, A
40 DISTRICT MUST SUBMIT, AT A MINIMUM, EVIDENCE THAT THE PROGRAM PARTICIPATION
41 RATE IS AT LEAST FIFTY PER CENT, THAT DISTRICT LEVEL PUPIL ACADEMIC PROGRESS
42 HAS OCCURRED AND, IF NOT ALREADY INCLUDED, THAT PROVISIONS TO REQUIRE ALL
43 TEACHERS NEW TO THE DISTRICT TO BE EVALUATED FOR THE VOTER APPROVED
44 PERFORMANCE BASED COMPENSATION PROGRAM HAVE BEEN INCLUDED. THE STATE BOARD
45 OF EDUCATION SHALL PRESCRIBE A METHOD OF COMPUTING THE PROGRAM PARTICIPATION

1 RATE THAT TREATS ALL VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAMS
2 EQUITABLY BY TAKING INTO ACCOUNT VARIATIONS IN PROGRAM DEFINITIONS.

3 5. THE EFFECTIVE VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM
4 PHASE IS THE FIFTH AND FINAL IMPLEMENTATION PHASE UNDERTAKEN BY DISTRICTS
5 FOLLOWING THEIR COMPLETION OF THE PLACEMENT PHASE. DURING THIS PHASE,
6 DISTRICTS SHALL FULLY IMPLEMENT THEIR VOTER APPROVED PERFORMANCE BASED
7 COMPENSATION PROGRAMS AND MAY BUDGET FOR THE PROGRAM AS PROVIDED IN SECTION
8 15-920.04. DURING THIS PHASE, THE STATE BOARD MAY GRANT DISTRICTS A WAIVER
9 OF UP TO FIVE YEARS FOR ANY PROGRAM REQUIREMENTS PRESCRIBED IN SECTION
10 15-920.02. WAIVERS MAY BE GRANTED TO DISTRICTS THAT MEET ALL OF THE
11 FOLLOWING CONDITIONS:

12 (a) THE DISTRICT HAS SUBMITTED A REQUEST FOR THE WAIVER THAT EXPLAINS
13 HOW THE PROPOSED WAIVER WILL IMPROVE ITS PROGRAM AND HOW THIS PROGRAM
14 IMPROVEMENT WILL ENHANCE PUPIL ACHIEVEMENT.

15 (b) THE DISTRICT HAS INTEGRATED ITS VOTER APPROVED PERFORMANCE BASED
16 COMPENSATION PROGRAM WITH OTHER REFORMS OR PROGRAMS THAT ARE DESIGNED TO
17 IMPROVE PUPIL ACHIEVEMENT.

18 (c) THE DISTRICT IS ACTIVELY EVALUATING AND REVIEWING ITS VOTER
19 APPROVED PERFORMANCE BASED COMPENSATION PROGRAM AND IS MAKING ADJUSTMENTS AS
20 NECESSARY, INCLUDING ANALYZING THE IMPACT OF THE PROGRAM ON PUPIL
21 ACHIEVEMENT.

22 (d) THE DISTRICT'S VOTER APPROVED PERFORMANCE BASED COMPENSATION
23 PROGRAM IS STRONGLY SUPPORTED BY TEACHERS, ADMINISTRATORS AND THE GOVERNING
24 BOARD AS DEFINED IN SECTION 15-920.02.

25 15-920.04. Voter approved performance based compensation
26 programs: budgeting

27 A. TO BUDGET FOR A VOTER APPROVED PERFORMANCE BASED COMPENSATION
28 PROGRAM, AS DEFINED IN SECTION 15-920.02, AS APPROVED BY THE STATE BOARD, A
29 SCHOOL DISTRICT THAT IS IMPLEMENTING THE PROGRAM IN ALL SCHOOLS IN THE
30 DISTRICT MAY CALCULATE ITS BUDGET USING AN INCREASE IN THE BASE LEVEL AS
31 FOLLOWS:

32 1. FOR THE FISCAL YEAR OR YEARS A DISTRICT IS IMPLEMENTING THE PROGRAM
33 AT THE DEVELOPMENT PHASE, 0.5 PER CENT, EXCEPT THAT A DISTRICT:

34 (a) MAY BUDGET AT LEAST THE AMOUNT IN COLUMN 2 OF THIS SUBDIVISION
35 THAT CORRESPONDS TO THE STUDENT COUNT CLASSIFICATION IN COLUMN 1 OF THIS
36 SUBDIVISION:

<u>COLUMN 1</u>	<u>COLUMN 2</u>
<u>STUDENT COUNT</u>	<u>MINIMUM AMOUNT</u>
1-199	\$ 5,000
200-599	\$10,000
600-999	\$15,000
1,000-1,399	\$20,000
1,400 OR MORE	\$25,000

44 (b) SHALL NOT BUDGET MORE THAN ONE HUNDRED FIFTY THOUSAND DOLLARS.

2. FOR THE FISCAL YEAR OR YEARS A DISTRICT IS IMPLEMENTING THE PROGRAM AT THE EVALUATION PHASE, 1.0 PER CENT, EXCEPT THAT A DISTRICT:

(a) MAY BUDGET THE AMOUNT IN COLUMN 2 OF THIS SUBDIVISION THAT CORRESPONDS TO THE STUDENT COUNT CLASSIFICATION IN COLUMN 1 OF THIS SUBDIVISION:

<u>COLUMN 1</u>	<u>COLUMN 2</u>
<u>STUDENT COUNT</u>	<u>MINIMUM AMOUNT</u>
1-199	\$10,000
200-599	\$20,000
600-999	\$30,000
1,000-1,399	\$40,000
1,400 OR MORE	\$50,000

(b) SHALL NOT BUDGET MORE THAN THREE HUNDRED THOUSAND DOLLARS.

3. FOR THE FISCAL YEAR OR YEARS A DISTRICT IS IMPLEMENTING THE PROGRAM AT THE PLACEMENT PHASE, NOT GREATER THAN 2.5 PER CENT. AFTER THE SUCCESSFUL COMPLETION OF AT LEAST ONE YEAR IN THE PLACEMENT PHASE, THE STATE BOARD MAY APPROVE A FUNDING LEVEL OF NOT GREATER THAN 4.0 PER CENT.

4. FOR THE FISCAL YEARS A DISTRICT IS IMPLEMENTING THE PROGRAM AT THE EFFECTIVE VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM PHASE, NOT GREATER THAN 5.5 PER CENT.

5. IN ADDITION TO THE AMOUNT AUTHORIZED IN PARAGRAPHS 3 AND 4, A SCHOOL DISTRICT FOR WHICH THE FORMULA PRODUCES AN AMOUNT OF LESS THAN THREE HUNDRED THOUSAND DOLLARS MAY INCREASE ITS BASE SUPPORT LEVEL BY AN AMOUNT COMPUTED AS FOLLOWS:

(a) DETERMINE TEN PER CENT OF THE FUNDING INCREASE.

(b) SUBTRACT THE AMOUNT DETERMINED IN SUBDIVISION (a) OF THIS PARAGRAPH FROM THE AMOUNT IN COLUMN 2 OF THIS SUBDIVISION THAT CORRESPONDS TO THE STUDENT COUNT CLASSIFICATION IN COLUMN 1 OF THIS SUBDIVISION:

<u>COLUMN 1</u>	<u>COLUMN 2</u>
<u>STUDENT COUNT</u>	<u>SMALL DISTRICT ADJUSTMENT</u>
1-599	\$10,000
600-1,399	\$20,000
1,400 OR MORE	\$30,000

B. IF A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM, AS DEFINED IN SECTION 15-920.02, HAS BEEN APPROVED FOR FEWER THAN ALL OF THE SCHOOLS IN A SCHOOL DISTRICT, THE PERCENTAGE INCREASE IN THE BASE LEVEL PRESCRIBED IN SUBSECTION A OF THIS SECTION SHALL BE REDUCED PROPORTIONATELY, BASED ON THE RATIO OF THE STUDENT COUNT IN THE VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM SCHOOLS TO THE STUDENT COUNT OF THE SCHOOL DISTRICT AS A WHOLE. THE MINIMUM AND MAXIMUM DOLLAR AMOUNTS APPLY TO THE SCHOOL OR SCHOOLS IN ONE SCHOOL DISTRICT AS IF THEY WERE A SCHOOL DISTRICT.

C. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT THAT HAS IMPLEMENTED A VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM, AS DEFINED IN SECTION 15-920.02, MAY BUDGET ANY BUDGET BALANCE IN THE MAINTENANCE AND OPERATION SECTION OF THE BUDGET THAT IS DIRECTLY ATTRIBUTABLE

TO A BUDGETED INCREASE IN THE BASE LEVEL AS PRESCRIBED IN THIS SECTION FROM THE CURRENT FISCAL YEAR FOR USE IN VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAMS IN THE BUDGET YEAR. THE AMOUNT BUDGETED PURSUANT TO THIS SUBSECTION SHALL NOT BE INCLUDED IN THE ALLOWABLE BUDGET BALANCE CARRYFORWARD CALCULATED PURSUANT TO SECTION 15-943.01. THE AMOUNT BUDGETED PURSUANT TO THIS SUBSECTION IS SPECIFICALLY EXEMPT FROM THE REVENUE CONTROL LIMIT. FOR THE PURPOSES OF THIS SUBSECTION, "BUDGET BALANCE" MEANS THE DIFFERENCE BETWEEN ACTUAL VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM EXPENDITURES AND THE BUDGETED INCREASE IN THE BASE LEVEL AS PRESCRIBED IN THIS SECTION.

15-920.05. Voter approved performance based compensation programs; determination of equalization assistance payments from county and state monies

A SCHOOL DISTRICT THAT HAS CHOSEN TO CALCULATE ITS BUDGET USING AN INCREASE IN THE BASE LEVEL, AS PRESCRIBED IN SECTION 15-920.04, SHALL NOTIFY THE STATE BOARD OF ITS DECISION AND SHALL HAVE ITS EQUALIZATION ASSISTANCE FOR EDUCATION PURSUANT TO SECTION 15-971 COMPUTED AS FOLLOWS:

1. FOR A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447, THE QUALIFYING TAX RATE AS PROVIDED IN SECTION 15-971, SUBSECTION B, PARAGRAPH 1 SHALL BE INCREASED BY TWO CENTS FOR EACH PERCENTAGE INCREASE IN THE BASE LEVEL AS PROVIDED IN SECTION 15-920.04. NOTWITHSTANDING ANY OTHER LAW, THE LOCAL SHARE PORTION OF THE VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM, AS DEFINED IN SECTION 15-920.02, SHALL BE FUNDED BY A SECONDARY PROPERTY TAX THAT IS APPROVED BY A MAJORITY VOTE OF THE QUALIFIED ELECTORS IN THE SCHOOL DISTRICT.

2. FOR A UNIFIED SCHOOL DISTRICT, A COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447, THE QUALIFYING TAX RATE AS PROVIDED IN SECTION 15-971, SUBSECTION B, PARAGRAPH 2 SHALL BE INCREASED BY FOUR CENTS FOR EACH PERCENTAGE INCREASE IN THE BASE LEVEL AS PROVIDED IN SECTION 15-920.04. NOTWITHSTANDING ANY OTHER LAW, THE LOCAL SHARE PORTION OF THE VOTER APPROVED PERFORMANCE BASED COMPENSATION PROGRAM, AS DEFINED IN SECTION 15-920.02, SHALL BE FUNDED BY A SECONDARY PROPERTY TAX THAT IS APPROVED BY A MAJORITY VOTE OF THE QUALIFIED ELECTORS IN THE SCHOOL DISTRICT.

Sec. 3. Delayed repeal; career ladder statutes

Sections 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04 and 15-918.05, Arizona Revised Statutes, relating to career ladder programs, are repealed from and after June 30, 2015.

Sec. 4. Effective date

Sections 15-920.02, 15-920.03, 15-920.04 and 15-920.05, Arizona Revised Statutes, as added by this act, relating to voter approved performance based compensation programs, are effective from and after December 31, 2008.